commodore

inter-office memo

To: William Robinson

Date: September 4, 1980

From: Matthew A. Sperber

cc:

Subject: Co-op Advertising

BACKGROUND

There is confusion in the field (regions and dealers) as to whether a Co-op Advertising Program exists and, if it does, what it entails.

Accordingly, enclosed is the recommended Commodore Co-op Advertising Program for all media. It describes all the requirements in simple terms and includes camera-ready ads for dealers to place.

Also included is the Dealer Alert explaining the program and the cost estimate.

RECOMMENDATION

Suggest that estimate be initialed so that production may begin to release to field on September 22nd.

MAS/bc
Attachments

950 Rittenhouse Road
Norristown, PA 19403

New Advertising Support from Commodore

Co-op Advertising Guide

commodore

Co-op Advertising Guide

It Pays to Advertise Commodore Products

Advertise! That's the word.

Effective advertising. That's the answer.

Personal selling—the best of all—can't cover all customers, and really should be limited to qualified prospects.

Word-of-mouth is effective, but you can't depend on it on a steady basis.

So, the key to unlocking more sales is effective advertising and that comes in two forms:

National: What to buy
Local: Where to buy

National Advertising

Commodore has initiated an aggressive national advertising campaign which will make *millions* of impressions on potential buyers. We're attracting attention, creating interest and desire, getting potential customers right up to the buying decision.

But, you—the dealer—have to close the sale.
And, that is where your *local advertising* takes over.

It is advantageous for you to tie your local advertising in with Commodore's national advertising whenever possible because of the added impact and local reinforcement of the ad message. When your local customer sees a national Commodore advertisement in his hometown media, the exposure of both messages is greatly increased.

Local Advertising

All sales are local. That's where the final buying decisions are made. Between you—the dealer—and your customers. So, local advertising must:

Sell the *product* locally.
Tell *where* to buy it.
Convince prospects and customers to buy *now.*

And, that's where Commodore co-op advertising comes in.

The Commodore Co-op Fund

Commodore Business Machines, Inc. is pleased to continue and expand its cooperative advertising program for 1980. It is our firm belief that co-op advertising, effectively used, is a powerful marketing medium. Our program has been formulated with two very specific goals in mind:

1. To provide advertising and promotional support to help you sell the Commodore Business Machine products in your local marketing area.
2. To reinforce Commodore's reputation for quality and dependability in microcomputer products.

Co-op Accruals

Authorized Commodore dealers will accrue 3% of their total net purchases of Commodore products.

Advertising accruals are based on two separate six month periods: January 1—June 30, and July 1—December 31. All accruals earned during the first purchase period must be spent and claimed by August 15. Accruals from the second period must be spent and claimed by February 15.

Important points to remember about your accrual funds:

1. *Funds are not transferable from one dealer to another.*
2. *Funds may not be transferred from one six month period to another. Any funds not utilized by the date specified above will be forfeited.*
3. *You must be current with your merchandise invoices due Commodore before co-op credits will be made.*

What Commodore Pays

Up to the limit of your earned allowances, Commodore will pay up to 100% of your net space or time costs for advertising that meets the requirements of this plan.

Reimbursement will be made for cost of space and media time only. No additional reimbursement will be made for art, talent, or other production costs.

Acceptable Media

1. Newspapers: All general interest daily, weekly or Sunday newspapers within your primary trading area. Any publication used must qualify for second class mailing privileges, have a published rate card and circulation figures which can be verified by independent audit.

2. Radio and TV: All FCC licensed stations which serve your primary trading area. Reimbursement will be made for spot commercials only; program sponsorships do not qualify.

3. Yellow Pages: Only advertising in your local, hometown directory qualifies.

4. Magazines: Regional editions of consumer, business, or trade oriented magazines also qualify for reimbursement if all of the other requirements of this plan are followed.

5. Newspaper Inserts, Circulars, Catalogs and Direct Mail: Special advertisements in these media qualify if they meet all of the art and copy requirements. Reimbursement will be made only for the portion devoted to Commodore products and will be based solely on the printing and distribution costs.

6. All of the above are reimbursed at the up to 100% allowance.

If you have **Prior Written Approval** from the Regional Sales Manager, the following media are also eligible for reimbursement at the percentages shown:

1. Trade Shows: 50%.
   Reimbursement will be made for the cost of space only. No payment will be made for set up, constructions, electrical costs.

2. Promotional Literature and Advertising Specialties: 50%. This includes special material which will be distributed through your store directly to your retail customers. This media may include such items as flyers devoted to Commodore products, T-shirts, key chains, etc. Only the actual cost of producing the items will be eligible for reimbursement.

   No promotional activity, except those specifically covered under "Acceptable Media" will qualify for reimbursement under the terms of this plan. If you cannot make practical use of the media above, you must obtain **Prior Written Approval** from the Regional Sales Manager before using alternate media. Your request should include details on the media you would like to use, suggested layout and copy, and an estimate of the costs. **A copy of this signed written authorization must be submitted with your claim for reimbursement.**

Important Note: Since the acceptance of your request depends on the information you submit, it is imperative that you be as clear and complete as possible when requesting prior approval.

Art and Copy Requirements

1. The Commodore logo must appear prominently in each ad.
2. All Commodore products in any given ad must be illustrated and identified.
3. All ads must feature the PET or CBM itself or as a part of a complete computer system. Ads which feature only software or the available programs will not qualify for reimbursement.
4. In print advertisements, Commodore will pay only for the portion of the ad devoted to Commodore products plus a pro-rata share of the dealer headline and signature.
5. If competitive merchandise is featured in the same ad, the Commodore products being featured must be clearly separated from and at least as large as any competitive merchandise.
6. During any radio or TV spot, the Commodore CBM or PET name must be mentioned at least as many times as the store name. TV spots must also visually show the Commodore product being featured.
7. Advertisements must not be misleading as to terms, product features or specifications. It must be in keeping with the high standards of the computer industry and must reflect favorably upon the Commodore products. Commodore reserves the right to deny payment for any advertisement submitted which we feel does not meet these standards.

Pooling Allowances

Although accrual funds may not be transferred from one dealer to another, dealers located within a logical geographical area are encouraged to combine or pool their funds to achieve more media purchasing power. By combining your funds with those of another nearby dealer, you will be able to purchase more space or time, without increasing your own advertising budget. When dealers pool their funds, each dealer listed or tagged in the ad will be charged and reimbursed for his proportionate share of the ad.

How To Get Reimbursed

All claims must be submitted within 45 days of the date the ad appears. Claims must be sent directly to:

Commodore Co-op
% The Advertising Checking Bureau, Inc.
P.O. Box 3834, Rincon Annex
San Francisco, CA 94119

In addition to the information listed below, all indirect buying retailers must also include copies of their distributor's invoices to verify purchases.

1. For Newspaper claims, send:
   Full page tearsheet plus an itemized invoice showing the newspaper name, date, size of Commodore ad and the total cost.

2. For Radio and TV, send:
   The station invoice showing the cost, length, time and date of each commercial aired. Each script broadcast must be attached and must bear the approved ANA/RAB/TVB documentation format. Other forms of documentation must provide equivalent information. A dealer invoice showing total cost and Commodore's pro-rata cost must also be included.

3. For Yellow Pages, send:
   Full tearsheet of the display ad, a copy of the paid media invoice showing annual cost, a dealer invoice showing Commodore's pro-rata cost.

4. For Magazines, send:
   Full page tearsheet plus the publisher's invoice indicating the name of the magazine, date, size of ad, and the cost.

5. For Newspaper Inserts, Circulars, Catalogs, send: A complete copy of the printed piece, the printer's invoice, and proof of distribution (i.e. postal receipts, newspaper invoices showing total number inserted, etc.), plus an itemized invoice giving the date of the ad, size of portion devoted to Commodore, and Commodore's pro-rata cost. Newspaper inserts will be reimbursed at the published insert rate. No payment will be made without satisfactory proof of circulation.

You will be reimbursed promptly by credit memo from Commodore upon approval of your claim by the advertising checking bureau.

In the case of indirect buying retailers, credit will be issued to your source of purchase referencing your claim. Your distributor will then issue credit to you.

Important note: Under no circumstances should you deduct the amount of your claim from merchandise invoices due Commodore prior to the receipt of an authorized credit memo. Such a practice is against Federal Trade Commission regulations and may result in the withdrawal of this co-op program.

Amendments or Supplements

Commodore reserves the right to supplement or amend this plan in any manner or to authorize or approve any deviation from it.

Termination

In the event of termination of a dealership or distributorship for whatever reason:

1. The co-op advertising fund balance, if any (after all claims accrued prior to the effective date or charged to it) is forfeited to Commodore Business Machines, Inc.

2. Should a debit balance result in the Co-op Advertising Fund because of the repurchase by the factory of a Dealer's and/or Distributor's inventory of Commodore products (or for any other reason), the total amount of such debit balance shall become immediately due and payable to Commodore by the Dealer and/or Distributor.

3. Commodore reserves the right to terminate or modify this plan on fifteen (15) days notice to Dealers and/or Distributors. Claims for commitments made prior to the effective date of termination or charge will not be affected by such termination or modification of this Plan.

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